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DATE OF PRESENTATION: 8/21

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- ☐ Exhibits
- ☐ Questionnaire
- ☐ Letter
- ☐ Business Card
- ☐ Note Paper
- ☐ Newsletter
- ☐ News Release
- ☐ Form
- ☐ Brochure
- ☐ Cover Design
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DESCRIPTION GLOBAL PROFESSIONAL SERVICES

PROJECT CODE YVUN1

AUTHOR Alex Graham

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Professional Services

Global Trends and Opportunities

INPUT

Agenda

- Introduction
- Global Market Setting
- Regional Considerations
- Global Networking
- Recommendations

INPUT
YVUN1-2

Notes

Introduction

INPUT
YVUN1-3

Notes

INPUT

Market Research and Consultancy

Information Services Industry

15 Years in Business

100 Employees

INPUT
MPRE-2a

Notes

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INPUT

California, New York, Washington D.C.,
London, Paris, Tokyo

Primary Research Emphasis

Senior Executives Experienced in
Information Services

Forecast from Comprehensive Data Base

INPUT
MPRE-2b

Notes

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Global Market Setting

INPUT
YVUN1-4

Notes

Worldwide Professional Services

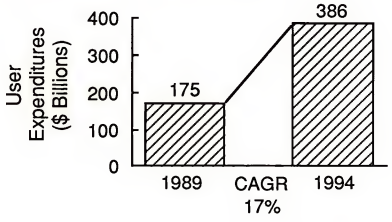
Major Trends

- Information society
- Industrial development
- Mini/micro systems
- Industry-specific software
- Integrated solutions
- Complex systems
- Networks

INPUT
YVUN1-5

Notes

Worldwide Information Services Market, 1989-1994



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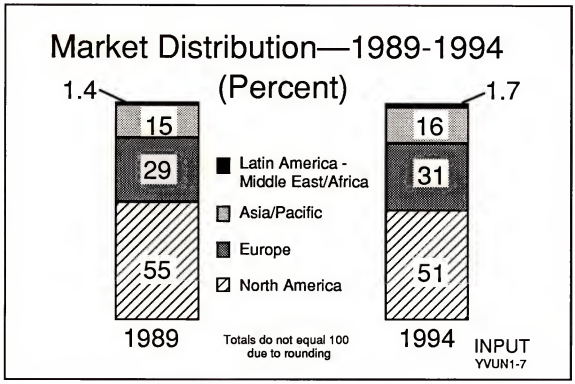
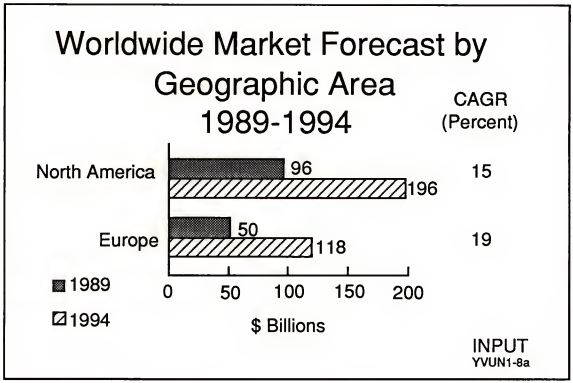
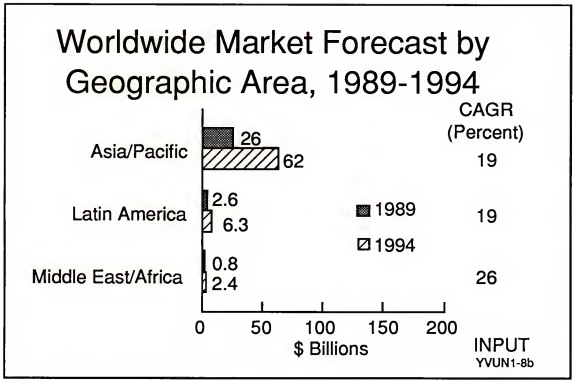
Notes


Market Distribution—1989-1994
(Percent)
1.4
15
29
55
1989
Latin America - Middle East/Africa
Asia/Pacific
Europe
North America
Totals do not equal 100 due to rounding
1.7
16
31
51
1994
INPUT
YVUN1-7

Notes


Worldwide Market Forecast by Geographic Area 1989-1994
CAGR (Percent)
North America
96
196
15
Europe
50
118
19
1989
1994
0
50
100
150
200
$ Billions
INPUT
YVUN1-8a

Notes


Worldwide Market Forecast by Geographic Area, 1989-1994
CAGR (Percent)
Asia/Pacific
26
62
19
Latin America
2.6
6.3
19
1989
1994
Middle East/Africa
0.8
2.4
26
0
50
100
150
200
$ Billions
INPUT
YVUN1-8b

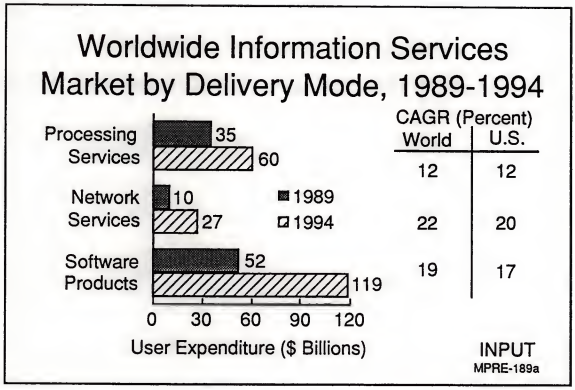
Notes

Worldwide Market Forecast—Leading Countries

Country	1989 Revenues ($ Billions)	Percent of Total
United States	92	53
Japan	22	12
France	12	7
West Germany	10	6
United Kingdom	9	5
Total	145	83

INPUT
YVUN1-9

Notes



Notes

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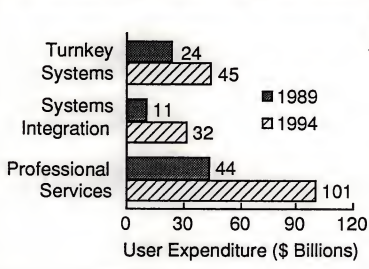
Worldwide Information Service Market by Delivery Mode, 1989-1994



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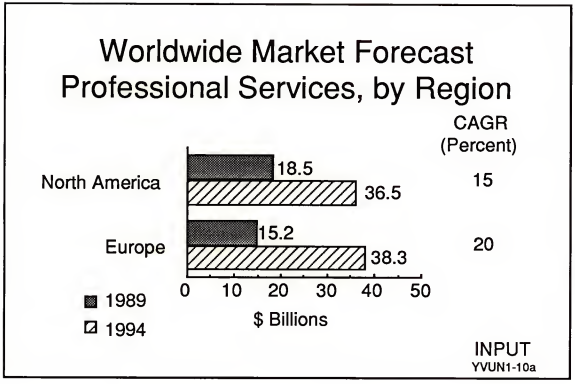
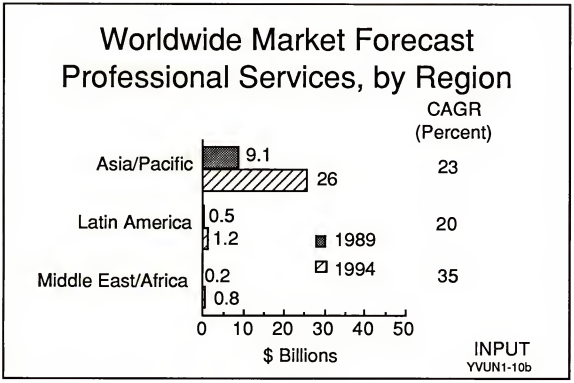

Worldwide Market Forecast
Professional Services, by Region
CAGR
(Percent)
North America
18.5
36.5
15
Europe
15.2
38.3
20
0 10 20 30 40 50
$ Billions
1989
1994
INPUT
YVUN1-10a

Notes


Worldwide Market Forecast
Professional Services, by Region
CAGR
(Percent)
Asia/Pacific
9.1
26
23
Latin America
0.5
1.2
20
1989
1994
Middle East/Africa
0.2
0.8
35
0 10 20 30 40 50
$ Billions
INPUT
YVUN1-10b

Notes

Professional Services
Regional Considerations

INPUT
YVUN1-11

Notes

Professional Services Market Driving Forces

- Changing U.S. workforce
- New hardware, software, and communications products
- Growing application backlog

INPUT

Notes

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Professional Services Market—Driving Forces

- Lack of IS in-house expertise
- Rising labor costs
- Low-cost market entry
- Systems complexity

INPUT

Notes

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Professional Services Market—Driving Forces

- SW/processing/turnkey vendor positioning
- Vendor alliances
- Diminished skilled labor pool
- Specialized skill sets
- Project control methodologies

INPUT

Notes

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Professional Services Market Growth Inhibitors

- More capital-intensive business means higher added-value services
- Competiton from:
  - Packaged software products
  - In-house departments or subsidiaries

INPUT

Notes

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Professional Services Market—Inhibiting Forces

- Shortage of trained consultants
- Impact of switch to systems integration
- Loss of IS management control

INPUT

Notes

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Professional Services Major Trends

- Alliances between services/software firms
- Partnering with equipment suppliers
- Software product vendors expanding services

INPUT
MPRE-134a

Notes

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Professional Services Major Trends

- Services provide vendor differentiation
- "Methodology" as marketing tool
- Multi-tiered market developing

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MPRE-134b

Notes

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Professional Services Major Trends

- IS applications backlog not being reduced
- Continuing shortage of in-house skills creates demand
- Uncertainty creates demand

INPUT
MPRE-135

Notes

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Professional Services Major Trends

- New technology creates demand
  - Conversions
  - Knowledge-based systems
  - Cooperative processing

INPUT
MPRE-393a

Notes

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Professional Services Major Trends

- New technology creates demand
  - Networking
  - C++
  - Image processing
  - Multimedia systems

INPUT
MPRE-393b

Notes

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Professional Services Market Inhibitors

- Lack of 'professional' status
- Lack of qualified personnel
- Investment required for internal education/training
- Unsuccessful projects
- Improved applications software products

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MPRE-136

Notes

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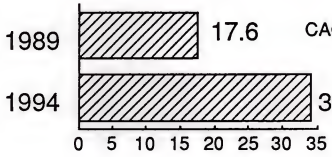
Professional Services Market Forecast



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Notes

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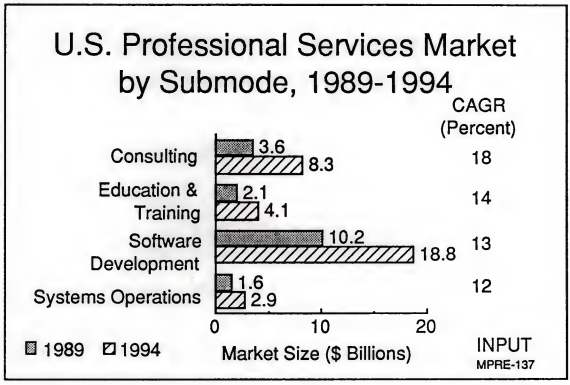

Notes

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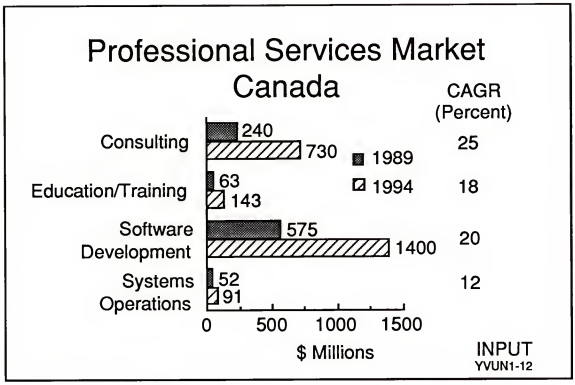

Professional Services Market
Canada
CAGR
(Percent)
Consulting
240
730
1989
25
Education/Training
63
143
1994
18
Software
Development
575
1400
20
Systems
Operations
52
91
12
0
500
1000
1500
$ Millions
INPUT
YVUN1-12

Notes

Driving Forces
Canada

- Worldwide market position
- Trade agreement
- Government technology development
- New systems development tools
- Mini/micro systems

INPUT
YVUN1-13

Notes

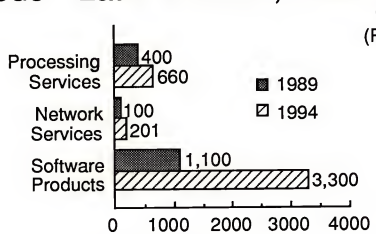
Inhibiting Factors
Canada

- Isolationism
- U.S. dominance
- Geographic area
- Language requirements

INPUT
YVUN1-14

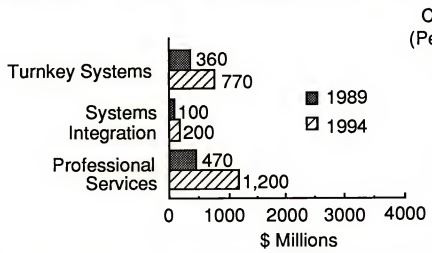
Notes

Market Forecast by Delivery Mode—Latin America, 1989-1994



Notes

Market Forecast by Delivery Mode—Latin America, 1989-1994



Notes

Driving Forces
Latin America

- Training/education
- Public sector spending
- Technology incentives
- Mini/micro growth

INPUT
YVUN1-16

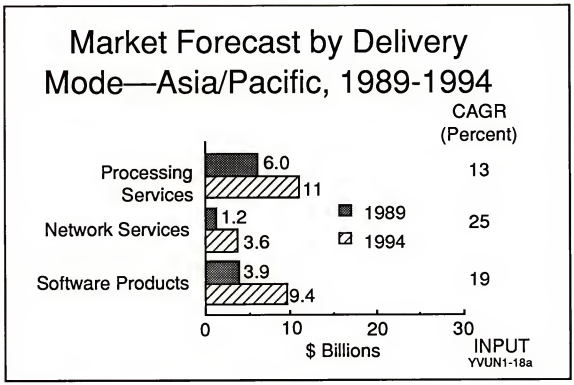
Notes

Inhibiting Factors
Latin America

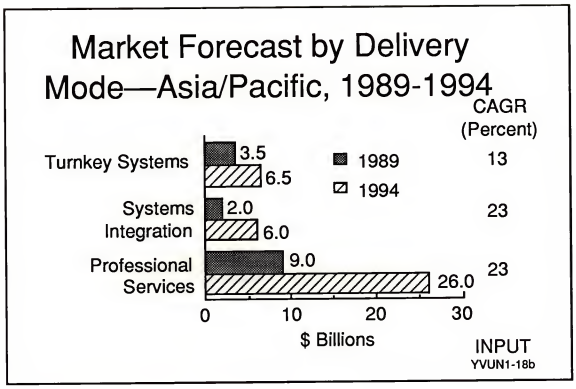
- Stalled economics
- High duties/protectionism
- Far East competition
- Software piracy

INPUT
YVUN1-17

Notes


Market Forecast by Delivery Mode—Asia/Pacific, 1989-1994
CAGR (Percent)
Processing Services
6.0
11
13
Network Services
1.2
3.6
25
1989
1994
Software Products
3.9
9.4
19
0
10
20
30
$ Billions
INPUT
YVUN1-18a

Notes


Market Forecast by Delivery Mode—Asia/Pacific, 1989-1994
CAGR (Percent)
Turnkey Systems
3.5
6.5
1989
1994
13
Systems Integration
2.0
6.0
23
Professional Services
9.0
26.0
23
0
10
20
30
$ Billions
INPUT
YVUN1-18b

Notes

Market Considerations

Asia/Pacific

- National infrastructure
- Investment term
- Organizational stability
- Cultural diversity
- Dynamic markets
- Technology transfer
- High competition

INPUT
YVUN1-19

Notes

Driving Forces
Asia/Pacific

- Technology value
- Labor skill
- National development

INPUT
YVUN1-20

Notes

Inhibiting Factors
Asia/Pacific

- Political stability
- Western protectionism
- Inflation
- Domestic economic base

INPUT
YVUN1-21

Notes

Global Networking

INPUT
YVUN1-22

Notes

Recommendations

INPUT
YVUN1-23

Notes

Recommendations

- Local/national representation
- Establish alliances
- Transfer technology
- Long-term focus

INPUT
YVUN1-24

Notes

(1)

PROFESSIONAL SERVICES

GLOBAL TRENDS AND OPPORTUNITIES

(2)

Agenda

Introduction
Global Market Setting
Regional Considerations
Global Networking
Recommendations

INTRODUCTION

4

The Market of The Future

Peter A. Cunningham
INPUT

INPUT

INPUT

Market Research and Consultancy

Information Services Industry

15 Years in Business

100 Employees

INPUT

MS-6

5

INPUT

California, New York, Washington D.C., London, Paris, Tokyo

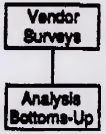
Primary Research Emphasis

Senior Executives Experienced in Information Services

Forecast from Comprehensive Data Base

INPUT

Research Methodology



- 500 largest
- Revenues: current/ prior years
- Growth rates
- Industries
- Delivery mode (7)
- Industry sector (22)

INPUT

MS-7

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GLOBAL MARKET SETTING

5 (7)

Worldwide Professional Services

MAJOR TRENDS

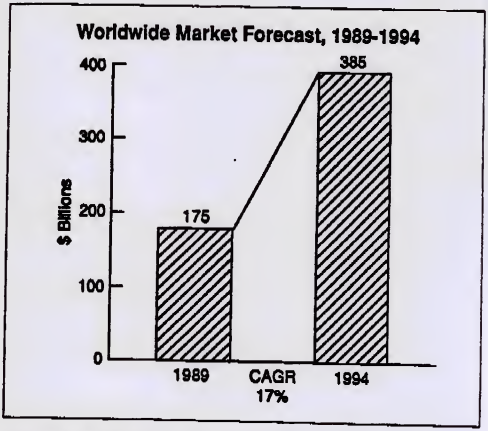
- Information Society
- Industrial Development
- Micro/Micro Systems
- Industry Specific Software
- Integrated Solutions
- Complex Systems
- Networks

6 (8)

The worldwide market for information services is estimated to be approximately $175 billion for 1989, as shown in Exhibit II-3. The market is expected to grow at approximately 17% per year, to $385 billion by 1994.

EXHIBIT II-3

USE VIN1-7



During the five-year period from 1989 to 1994, the market share by major geographic area is not expected to change significantly, as Exhibit II-4 illustrates. During the period, regions other than North America are expected to gain some ground. However, North America will continue to represent at least 50% of the market for several years to come.

Of the total market worldwide, five countries represent an estimated 83% of the total market, as shown in Exhibit II-5. The United States leads the list, with an estimated 53%.

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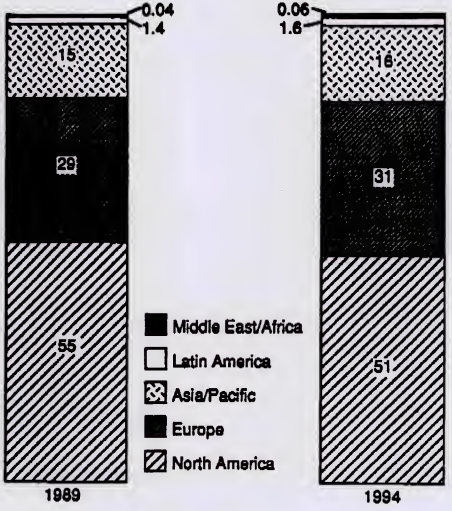
SENT BY:INPUT WASHINGTON DC ; 8-10-90 11:33AM ; 7038476872→ 4159613968;#11

(9) 7

EXHIBIT II-4

Use VINI-8

Market Distribution—1989 and 1994
(Percent)



Totals do not equal 100 due to rounding

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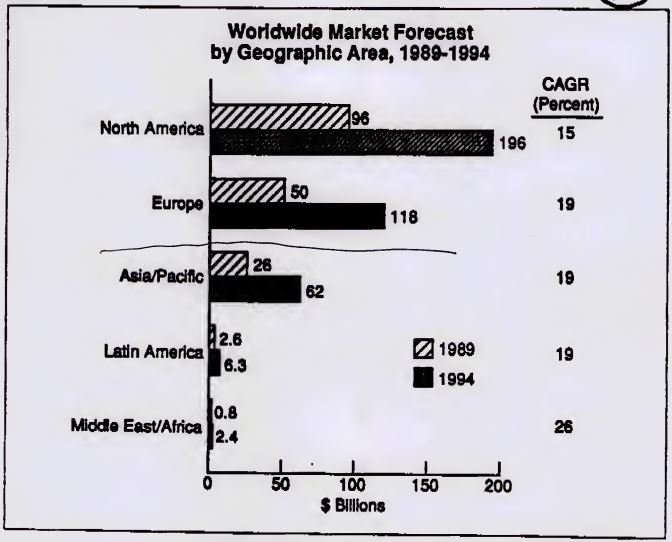
break?

8 a.b (10)

EXHIBIT II-6



Although the levels of expenditure in South Africa and Israel are low, they result in growth rates that are comparatively high.

The overall pattern of annual growth rates is expected to be similar to the U.S., as shown in Exhibit II-7; however, there are a number of delivery modes that will experience higher rates.

Network services is expected to grow at an annual rate of 22% worldwide, compared to 20% in the U.S. The slightly higher worldwide rate is due to the increased emphasis on services such as videotext in other countries, and to the general emphasis on the development of network-based products (E-mail, etc.) in the newly developing countries.

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9 (11)

EXHIBIT II-5

Worldwide Market Forecast—Leading Countries

Country	1989 Revenues ($ Billions)	Percent of Total
United States	92	53
Japan	22	12
France	12	7
West Germany	10	6
United Kingdom	9	5
Total	145	83

Following the U.S., the national percent of the worldwide total drops significantly. Japan is second with an estimated 12%, followed by France and West Germany, which represent 7% and 6% respectively. Following the United Kingdom (5%) are a number of other European countries.

While the United States is the largest market, the growth rate is expected to be somewhat less than in other areas of the world, as Exhibit II-6 shows. The U.S. market is expected to grow from approximately $92 billion in 1989 to $188 billion by 1994, at an average annual growth rate of 14%. (Note that the figures shown in Exhibit II-6 for North America include Canada.)

The regions of Europe, Asia/Pacific and Latin America are expected to exhibit similar growth rates (19%). The Middle East/Africa region is expected to show the highest growth rate (26%).

The higher rate of growth for the Middle East/Africa region is accounted for by two factors. The two key markets in the region are the countries of South Africa and Israel. South Africa is aggressively pursuing technology investment, as the country works to establish itself as a leader in African development. Israel has been working to establish itself as a software development center, and has been making significant investment.

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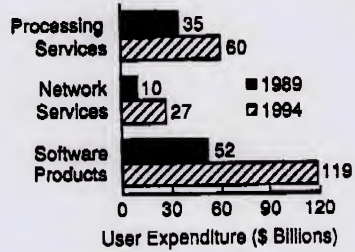
12a

Worldwide Information Services Market by Delivery Mode, 1989-1994



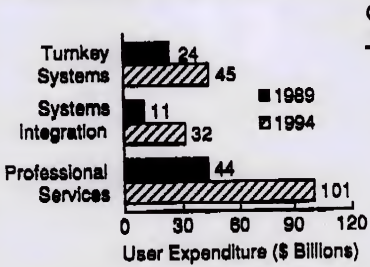
	CAGR (Percent) World	U.S.
Processing Services	12	12
Network Services	22	20
Software Products	19	17

INPUT
MPRE-1094

Notes

12b

Worldwide Information Service Market by Delivery Mode, 1989-1994



Notes

WM-21

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PART 2

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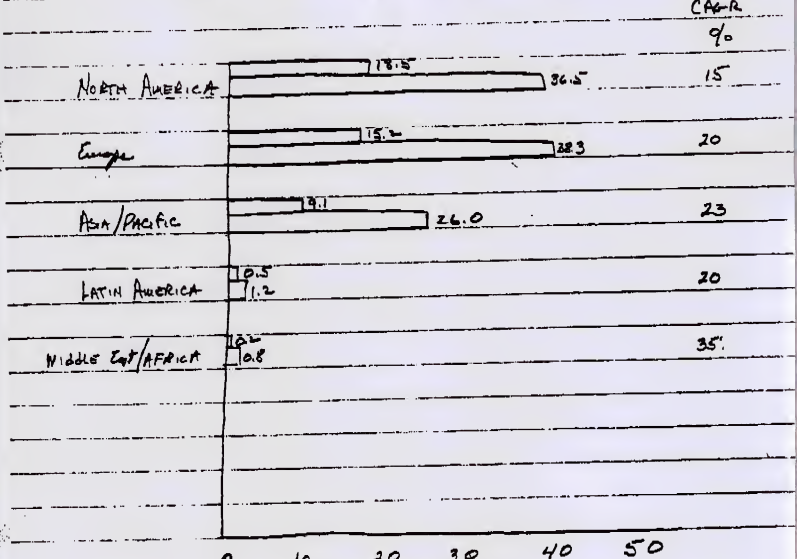
~~FA~~

LYNETTE

10 2&6 (13)

WORLDWIDE MARKET FORECAST
PROFESSIONAL SERVICES, BY REGION



11 ↗ (14)

PROFESSIONAL SERVICES

REGIONAL CONSIDERATIONS

15

Professional Services

PF-1 INPUT

Professional Services Market Driving Forces

- Changing U.S. workforce
- New hardware, software, and communications products
- Growing application backlog

PF-2 INPUT

PF-2

16

Professional Services Market—Driving Forces

- Lack of IS in-house expertise
- Rising labor costs
- Low-cost market entry
- Systems complexity

PF-3 INPUT

PF-3

17

Professional Services Market—Driving Forces

- SW/processing/turnkey vendor positioning
- Vendor alliances
- Diminished skilled labor pool
- Specialized skill sets
- Project control methodologies

PF-4 INPUT

PF-4

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(18)

Professional Services Market Growth Inhibitors

- More capital-intensive business means higher added-value services
- Competition from:
  - Packaged software products
  - In-house departments or subsidiaries

PF-5 INPUT

PF-5

(19)

Professional Services Market—Inhibiting Forces

- Shortage of trained consultants
- Impact of switch to systems integration
- Loss of IS management control

PF-6 INPUT

PF-6

(20)

Professional Services Major Trends

- Alliances between services/software firms
- Partnering with equipment suppliers
- Software product vendors expanding services

PF-7a INPUT

PF-7a

(21)

Professional Services Major Trends

- Services provide vendor differentiation
- "Methodology" as marketing tool
- Multi-tiered market developing

PF-7b INPUT

PF-7b

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22

Professional Services Major Trends

- IS applications backlog not being reduced
- Continuing shortage of in-house skills creates demand
- Uncertainty creates demand

INPUT

PF-8

23

Professional Services Major Trends

- New technology creates demand
  - Conversions
  - Knowledge-based systems
  - Cooperative processing

INPUT

PF-9a

24

Professional Services Major Trends

- New technology creates demand
  - Networking
  - C++
  - Image processing
  - Multimedia systems

INPUT

PF-9b

25

Professional Services Market Inhibitors

- Lack of 'professional' status
- Lack of qualified personnel
- Investment required for internal education/training
- Unsuccessful projects
- Improved applications software products

INPUT

PF-10

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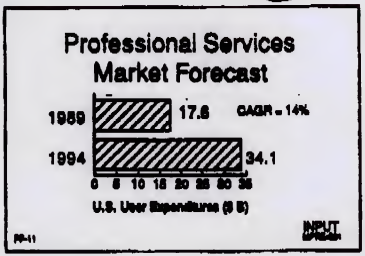
(26)



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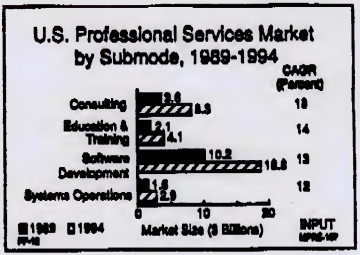
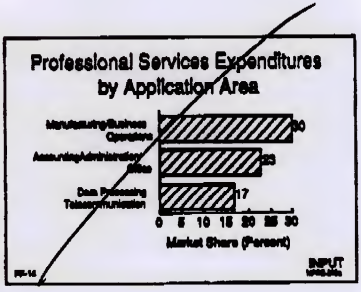


PF-11

PF-12



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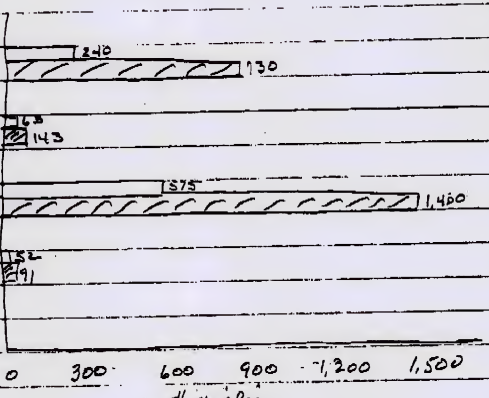
12 8 (28)

PROFESSIONAL SERVICES MARKET
CANADA



□ = 1989

▨ = 1994

13 9 (29)

DRIVING FORCES

CANADA

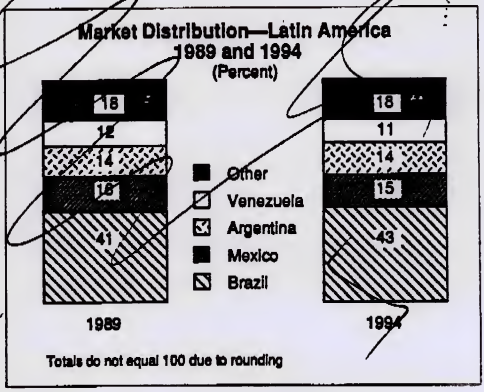
Worldwide Market Position
Trade Agreement
Government Technology Development
New Systems development tools
mini/micro systems

14 to (30)

INHIBITING FACTORS
CANADA

Isolationism
U.S. dominance
Geographic area
Language requirements

EXHIBIT V-4



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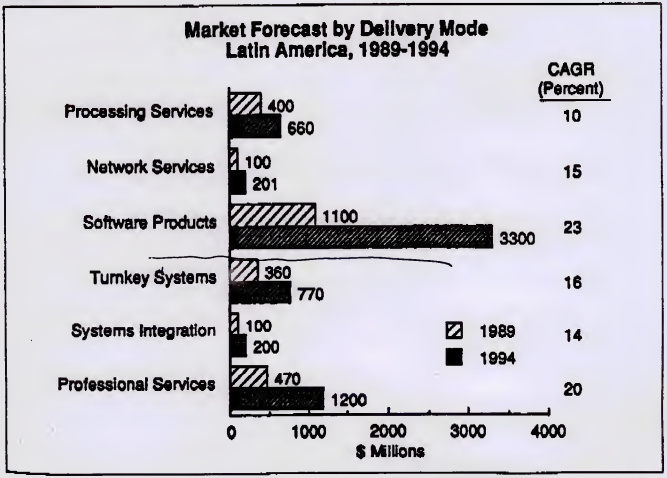

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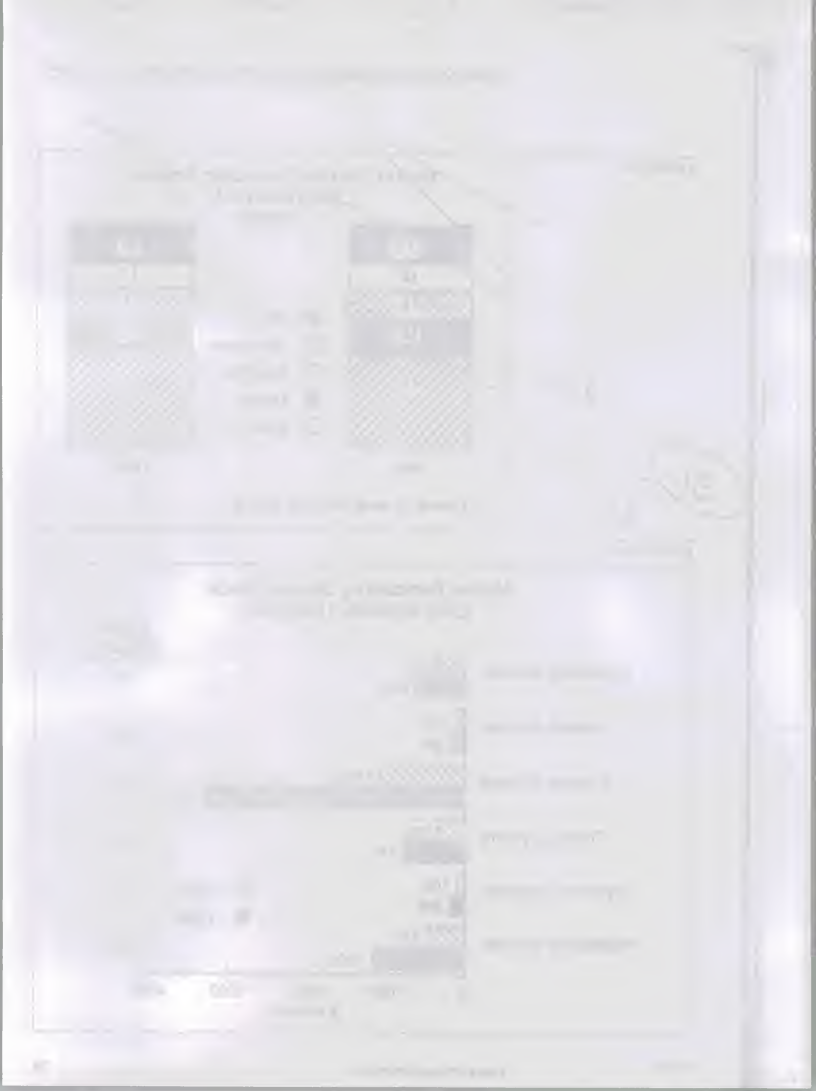


16 (32)

DRIVING FORCES
LATIN AMERICA

Training / Education
Public Sector Spending
Technology Incentives
Mini / Micro Growth

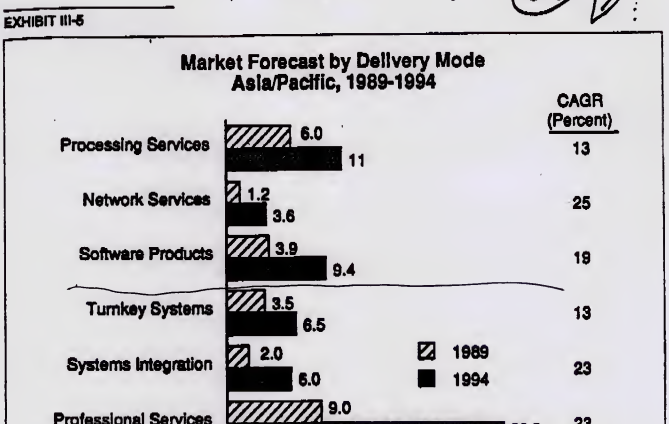
17 (33)

INHIBITING FACTORS
LATIN AMERICA

Stalled Economies
High duties/protectionism
Far East Competition
Software Piracy

Bars can break? 34

EXHIBIT III-5



- *Software products*—The need for software products will also be strong in the Asia/Pacific area, growing from $3.9 billion in 1989 to $9.4 billion in 1994. Demands for system development tools (CASE, DBMS, etc.) and industry/application-specific microcomputer software are expected to be the major drivers.

- *Turnkey systems*—In the Asia/Pacific region, turnkey systems are expected to grow at a faster rate than in the U.S. (13% vs. 9%), reflecting the need for short-term solutions to meet growing needs.

  However, note should be made that the majority of the systems should be expected to be in the lower-end mini- and micro-based systems, rather than in large systems. Overall, the market is expected to grow from an estimated $3.5 billion in 1989 to $6.5 billion by 1994.

- *Systems integration*—Requirements for systems integration are expected to be strong, although starting from a small base. The key market for integration services is Japan, though other market areas such as Australia and South Korea could be significant.

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19 (35)

Market Considerations
Asia / Pacific

National Infrastructure
Investment Terms
Organizational Stability
Cultural Diversity + Cultural Diversity
Dynamic Markets
Technology Transfer
High Competition

20 (36)

DRIVING FORCES
ASIA/PACIFIC

Technology Value
Labor Skill
National Development

(37)

INHIBITING FACTORS
ASIA/PACIFIC

Political Stability
Western Protectionism
Inflation
Domestic Economic Base

22 (38)

GLOBAL NETWORKING

RECOMMENDATIONS

(4D)

RECOMMENDATIONS

- Long term focus
- Focal/national representation
- Establish alliances
- Transfer Technology

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